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Spotlight ON FOREIGN MARKETING



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TO U.S. AGRICULTURAL ATTACHÉS AND FAS STAFF MEMBERS

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LAND-GRANT COLLEGES EVALUATE MARKET DEVELOPMENT PROGRAM. Attaches will shortly be receiving copies of the evaluation study by Professor Hardin and Mr. Hesser of Purdue University of our market development program in Japan and a similar study by Professor Learn and Mr. Houck of the University of Minnesota of our program in Germany. These are two of three evaluation studies made by land-grant colleges last summer at our request. The third study, made by Texas A & M of the Italian program, is not yet off the press.

Although the university teams found places where they felt the program could be improved, the general tone of the reports reflects approval. In their oral reports in Washington, all three teams were in fact enthusiastic about the program. An indication of the Purdue Team views on the major achievements of the Japanese program are found on pages 9-10 and summed up in their statement: "Exports of agricultural products to Japan are probably at a higher level than they would have been in the absence of this or any equally satisfactory substitute program." The Minnesota team has a similar summary on page 8. The last sentence sets the tone: "Market Development has been a worthwhile governmental activity."

These are the first outside evaluations which have been performed. Additional such studies on a country or commodity basis are being considered.

FOREIGN VISITORS HELP PROMOTE MARKETS FOR U. S. AGRICULTURAL PRODUCTS. Visits to the U. S. by foreign leaders do not have to be sponsored under the market development program to yield market development dividends.

Visits by a total of 2,331 foreign nationals have been programmed by the Department during the first ten months of fiscal year 1961, just over half of them sponsored by the International Cooperation Administration (ICA). Others have come under the sponsorship of the Organization of European Economic Cooperation (OEEC), FAO and other UN agencies, State and Defense Departments, and 47 visitors under the 104(a) market development program. Others came at their own expense.

Ministers of Agriculture, other high government officials and ranking members of industry and agriculture are included among the visitors. Generally they are interested in the U. S. as a source of supply of agricultural products and in the technology that goes into maintaining our high levels of quality.

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Visits to areas of U. S. production, processing, storage, and distribution afford U. S. cooperators an excellent opportunity to establish contacts that will be beneficial in the promotion of foreign trade. When these visitors return to their homeland they should be a valuable contact in our market development work.

GROWING U. S. INTEREST IN THE FOREIGN MARKET DEVELOPMENT PROGRAM is seen in its inclusion on four recent U. S. convention programs.

Administrator Tetro talked both to the radio farm directors and daily newspaper farm editors, and Jim Howard talked to the farm magazine editors. At the Agricultural College Editors Convention, Assistant Secretary Duncan and Jim Howard teamed-up for a double-barreled presentation. Mr. Duncan spoke on the over-all accomplishment of the program after which Mr. Howard presented colored slides illustrating more than 20 promotional and marketing techniques being used in the program.

MARKET DEVELOPMENT IN AFRICA. With a growing U. S. interest in market development in Africa, there is an increased need for information on the nature of the Africa market and what techniques are likely to work there. Bob Adcock has sent in a story on Kenya's first supermarket. Spotlight reproduces it as a supplement and invites other such contributions.

GREAT PLAINS WHEAT HELPS ESTABLISH PILOT SCHOOL LUNCH PROGRAM IN PERU. This program is being started in a depressed area near Lima. In addition to supplying much of the spark, Great Plains will supply some equipment for preparing the food, will give general supervision through their regional home economist, and has helped arrange for the donation of surplus U. S. food under Title III, of P. L. 480. Local citizens contributed or borrowed the funds to purchase the land and building materials and to provide an adequate water supply. An engineering firm drew up the building's plans at no cost, and the actual construction will be accomplished with voluntary labor.

School lunch programs are not generally found in Peruvian schools and interest in this one has been widespread throughout the country.

JULY 15 WAS RED LETTER DAY IN WHEAT PROMOTION IN BELGIUM. On that day there was introduced on the Belgian market a new and very special loaf of bread containing 55 percent U. S. hard wheat and bearing the copy righted name, "Daily Bread." Prior to that, the amount of U. S. wheat allowed in the mixture varied from year to year, but averaged about 25 percent. The shift was a culmination of two years of hard work by Great Plains Wheat and the Agricultural Attache. Key to the new bread was convincing the Belgian Government that by putting out a high quality loaf, supported by a full promotional campaign, the total consumption of locally produced wheat would not be substantially reduced even though the percentage going into the loaf would be half that of previous years. A further reason for Belgian Governmental agreement was local millers' and bakers' concern over decreasing bread consumption. The new program held promise of appreciably strengthening the bread industry. Once a favorable decision was reached, many tests were run to determine the mixture, including the specific types

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of U. S. wheat best adapted for this purpose. German millers and bakers are showing great interest in the Belgian program.

FEED GRAIN COUNCIL MAPS EXPANDED PROGRAM. At a recent Washington meeting the Council elected a new slate of officers headed by R. G. Peeler of Hereford, Texas, as the new President. Clarence Palmby continues as Executive Vice President and will operate from the Council's recently opened Washington offices. Mr. Palmby points out that membership in the Council is growing; that the Council will have an expanded budget with which to operate this year, and that a second full time staff member will shortly be employed to assist in the supervision and backstopping of its foreign programs. Recent developments in the Council's programs include employment of Norman Comben to develop a program in the U. K.; employment of Fred Boon to assist Mr. Sanford of the Rotterdam Office working on a regional basis; initiation of a program in Japan to include a sampling program and feeding demonstrations; sponsorship of 3-man group to West Africa to study the possibilities for establishing a pilot project to increase the livestock and poultry production utilizing U. S. feed grains, and extension and expansion of the cooperative program with the American Farm School in Greece.

LIVESTOCK VENEZUELA AND COLOMBIA. A Brahman study team, including four members of the American Brahman Breeders Association, which recently visited Venezuela, found keen interest in the purchase of the substantial number of U.S. Brahman bulls. The only obstacle is financing and the agricultural bank is expected to submit an application for a \$8,000,000 Export-Import bank loan at an early date.

Colombians stated they needed a large number of bulls for commercial herds. Currently domestic production amounts to about 5,000 bulls from purebred breeders. Internal financing for commercial producers is needed. Internal problems appeared complicated but if some are solved it appears they will be a fair demand for U. S. stock. Possibly a small Export-Import bank loan maybe required.

The Director of Livestock Service for the Government of Colombia is expected to arrive in the U.S. in August with a team to purchase \$200,000 of breeding swine. The mission and financing has been arranged and FAS has been requested to organize the proper arrangement for the purchase.

TALLOW - WESTERN EUROPE. The National Renders Association is opening a European regional office in Italy for the supervision of sales promotion of inedible animal tallow, greases and animal protein. In addition to Italy, project activities extended to France, Netherlands, United Kingdom and West Germany.

TALLOW - VENEZUELA. A leading Venezuelan soap manufacturer has installed bulk handling equipment and is now importing by tanker as suggested by an early study team. Arrangements were discussed to extend bulk distribution to leading feed manufacturers. Success of the bulk development assures a continuing and increasing use of U. S. tallow.

NEW DAIRY PROMOTION IN IRAN will begin shortly under a recently signed FAS-Dairy Society International agreement. Actual activities will be carried out by DSI representative stationed in Iran in cooperation with an American dairy plant which has recently begun operations. The dairy will utilize limited fluid milk available in Tehran and will supplement this supply with recombined milk manufactured from U. S. anhydrous milk fat and nonfat dry milk. The plant's initial output will consist of fluid milk and ice cream and future operations will include a full line of dairy products. The operation of the market development project will follow lines similar to the DSI-FAS Thailand project in carrying out a program of consumer education and promotion to expand dairy product consumption and the demand for products manufactured from imported U. S. ingredients. Activities are due to commence shortly with the assignment of a DSI representative in Tehran.

CANADIANS AND AUSTRALIANS STEPPING-UP WHEAT MARKET DEVELOPMENT EFFORTS. Seven key Japanese government and wheat industry officials have been invited to spend one month in Australia this fall. The invitation was made in mid-June by the Australian Wheat Board, according to a report by the Tokyo office of our wheat cooperator.

It was also reported that the Australian Board plans to invite a Japanese wheat team each year. Both the Canadian and Australian Wheat Boards opened offices in Tokyo in the fall of 1960 as part of their stepped up market development program. U. S. wheat producers began working in Japan in 1954 and have maintained an office and full time representative there since April of 1956. Japanese wheat teams were brought to the U. S. by Wheat Associates and FAS in 1957 and 1960.

MARKET DEVELOPMENT BUDGET FOR 1962. The Department of Agriculture Appropriation Act for 1962 was recently signed by the President. It includes about \$12 million for the market development program. Part will be programmed through the use of foreign currencies, and the balance will be financed, for the first time, through direct dollar appropriations. Procedures are being written to handle the use of dollars in the market development program.

PROJECT REPORTS IMPROVING. Cooperator reports on projects are steadily improving though some are still late. The Institute of American Poultry Industries report covering the last half of '60 has been printed with illustrations of its various types of promotional activities. This special report is being used to tell the story to the membership here in the United States. Such a printed report is not likely to contain needed critical evaluation, but would seem justified occasionally since it makes a good public relations document. The Institute plans to print one report out of each 2 or 3. The reports summary of program in Germany is included as a supplement. Several of the stories in this issue are gleaned from recent reports of other cooperators.

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THE FEDERAL REPUBLIC OF GERMANY
Summary of Activities

The Cooperator (Institute of American Poultry Industries) has made some shift in emphasis in market development work during the second half of 1960 from a general advertising and public relations concept to more specific activities with the different trade and consumer groups who influence the consumption of poultry. For retailers, point-of sale material was prepared and distributed to leading stores and chains throughout Germany. Calls were made to study poultry display and to urge greater use of promotion material. Advertising in retailer trade journals explained the profit advantages and consumer acceptance of U.S. poultry.

The best known chefs and restaurant owners in Germany were invited to attend two conferences of two days each in Rothenburg for the purpose of discussing poultry preparation, to observe demonstrations and sample special poultry dishes, and to see color slide film presentations by the Cooperator on the processing, packaging and serving of poultry. More than 60 chefs attended the meetings, and departed with promises to work with the Cooperator in a greater use of poultry in their chef schools and on their menus. Present at the meeting were the managing directors of two of Germany's leading home economics schools who also agreed to program turkey and chicken preparation in their schools.

An initial print run of 250,000 recipe booklets, 28 pages, half in full color, for importers for subsequent distribution to retailers and housewives. A small charge was made for the booklets which assured a direct local trade contribution to the Cooperator program. For the hotel and restaurant trade, 110,000 table-tents were produced and offered to 3,000 wholesalers, retailers and restaurants by circular letter. Response to this promotion was excellent. Retailer activity has been stepped up primarily because only three years ago poultry distribution was limited to a few outlets whereas today 55% of all butcher stores and over 50% of all chain and self-service stores handle U.S. poultry in Germany.

The Cooperator invited importers and local government officials to formal press conferences which were followed up by on-the-spot radio interviews and TV coverage in Hamburg and Berlin. Six press conferences were held in major German cities, attended in each city by over 40 writers and editors. Results of this and other activities were evident in 1,320 press clippings, from major newspapers, consumer and trade magazines throughout Germany.

The Cooperator organized publicity for the European trip of the U.S. National Chicken Cooking Champion. The contest in the U.S. is sponsored jointly by Delmarva Poultry Industry, Inc. and Poultry and Egg National Board. This publicity resulted in newspaper coverage on U.S. poultry in Munich, Stuttgart and Frankfurt dailies, a 15 minute radio interview on the American Forces Network, a feature story on Cooperator activities now under preparation for the Stars and Stripes, and contacts with chefs, hotel and restaurant owners who asked for photographs and details on recipes.

For the IKA Trade Fair in Frankfurt, the Cooperator established a display booth, showing continuous color slides of poultry, farming, processing and serving. A large freezer displayed various kinds of poultry available for import, and the walls were decorated with black and white photos of poultry farms and processing plants which featured the wholesomeness of U.S. Poultry through U.S. Government inspection.

The Cooperator also made donations of poultry for special events such as dinners and displays, and continued to carry out a basic program of service to the German and American trade by answering questions on regulations and trade practices and accumulating market statistics.

Third Party Contribution from the German trade has been particularly gratifying during this period. U.S. poultry has been advertised consistently by many leading retailers. The largest department store chain in Germany used full page newspaper advertisements for two days in 108 different newspapers in 42 cities to sell only U.S. turkey. Large numbers of leaflets, window streamers, recipe booklets and table-tents were purchased by importers, retailers and restaurants, and many members of the trade invested time and money in meetings on furthering the marketing of U.S. poultry.

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Activities Report - Poultry
July 1-Dec. 31, 1960
Institute of American Poultry
Industries

KENYA'S FIRST SUPERMARKET

The following story tells of the origin of Nairobi's first Supermarket, and illustrates one approach at getting U. S. processed agricultural products into new markets. It might be called "The Big Basket."

In the retail stores of East Africa, the adjective "American" is synonymous to "Superior," and also far too often, "expensive." The new Supermarket opened in Nairobi last February 17th is proving the first synonym and disproving the latter. But this is getting ahead of the story and, at the moment, is not the main point. The point is that there is a new store in Nairobi, Kenya, the like of which has never been seen by most of the population. It is like a fair or permanent exhibition.

Among the interests of three Indian brothers of the Nanji family was and is a thriving grocery store known as the Economic Fresh Provision Stores Ltd. Gordon Schlubatis, now Agricultural Attache in Ankara, Turkey, served in East Africa from 1957 to 1960 and during this time was a regular customer of the Economic. He and the Nanji brothers became close friends and they frequently discussed American merchandising. The Supermarket was a glamorous and mysterious market which the Nanjis wanted to know more about.

Plans were laid in 1959 to do something about the Supermarket idea. Akbarali and Taj Manji went to Europe to study European Supermarkets, Gordon Schlubatis got in touch with USDA and a training program was planned for Sultan Nanji to study U. S. Supermarkets and the devices that make them tick -- from buying to selling. The Foreign Agricultural Service and the Agricultural Marketing Service collaborated in a program that started a chain of contacts which took Mr. Nanji into Supermarkets of twenty-six states between February and May of 1960. In May the brothers compared notes. On each point, Sultan said, the American techniques were best.

Perhaps far more important than the goods now imported from American manufacturers, is the warm feeling that Sultan brought back for all the people involved in operating and researching in the supermarket industry of America. From visiting with him, I get the impression that our researchers in Government and the members of the trade showed him everything in the book.

As I waited for Sultan to see me in the old Economic, I counted twelve clerks standing behind counters in a floor space of about 500 square feet. Behind them and in the center of the room were shelves of groceries that went all the way up to the 16 foot ceiling. Kikapus (straw baskets that will hold about two bushels, funnel shaped but squared off at the bottom) cluttered up the aisles and one would occasionally tip over, spilling part of its groceries. It's worth a day's work to get through one of these conventional stores on a busy day. When Sultan came in,

we went up to his balcony-office which overlooks or looks through the store. I mentioned the 12 clerks as a starter, and he said, "Yes, but there are 29 of us altogether. With the same number in the Supermarket, we do from 4-1/2 to 5 times more business. Our overall costs are cut 25%." From 1500 to 2000 customers go through the Supermarket per day, Monday through Thursday, and from 2300 to 3500 on Fridays and Saturdays. They will average spending £1 (or \$2.83) per head. In this store (the old one) only an average of about 550 customers can be accommodated.

"In this conventional store a customer brings in a list, reads it off to one of the clerks, waits until the goods are put in Hi kikapu and pays his ticket and leaves, making no additional purchases. Now in the Supermarket, we use the big American type basket carts (they also have a few small carry-type baskets of European origin). In addition to items on the list, there is a tendency to keep picking items until the cart is full."

The Nanjis have high praise for their inventory control methods, sectionalizing of similar items, pricing labels, and other merchandising techniques. It all adds up to satisfied customers and a crew of more efficient, relaxed and less harrassed clerks. Sultan can tell you about the efficient operations of A & P, Safeway, Krogers, Stop and Shop, Food Fair, and a dozen or so more of our popular Supermarkets that even those who shop there every day do not know.

Despite duties from 25% to 33%, the store carries about 500 American items never before imported commercially. In looking over the shelves, I saw numerous American brand names -- Del Monte, Campbell, General Mills, Home Products, Corn Products and Carnation. A line of American-made baby garments will be included in a new department. These can be sold at a price 30% below those imported from other countries.

Eighty-five percent of Supermarket customers are Europeans, 12-1/2% Asians and 2-1/2% Africans. The lack of money and a traditional shyness on the part of Africans are responsible for their low participation in the new and revolutionary store. Mr. Taj Nanji says, however, that gradually Africans are learning to feel at home, because every worker in the store makes them welcome. Sultan explains that those who are trading are increasing the variety/foods in their menu. They find that many new foods are within their budget.

The Nanjis act very much like American Supermarket managers. They are continually looking and thinking of further ways of improvement. Dr. Ray Hoecker's illustration of time-and-motion studies and other marketing research in the USDA made a great impression on Sultan. They subscribe to at least three American merchandising magazines. The Progressive Grocer, The Chain Store Age, and Super Market Merchandising, were in convenient spots in the office. With these were several technical reports by USDA on warehousing, transportation, etc.

For a photo on the "big basket - big purchase theory," the first early morning customer that wheeled by was Mr. Leslie, a coffee farmer who lives about 15 miles from Nairobi. When I asked him if I might snap a picture of his cart, he said "sure, shoot." Then he said, "You know, this is as fine as the Supermarkets in the United States and Canada." Mr. Leslie had recently returned from his first visit to Canada and the U. S. Most customers cannot make this comparison but they all seem to agree that it is great.

I have not mentioned pricing policy, but it is the same here as in your supermarkets. Mr. Nanji tells customers, "We are pricing as low as we think we can, but if you find another store as cheap or cheaper, let us know. We can sell as low if not lower than anyone."

The Nanjis look on this as their pilot store, the beginning of a chain of Supermarkets. One never knows when a little friendly discussion either at home or abroad may be part of something big and important.

Agr. No. 6 Nairobi - Robert E. Adcock

